

**701—16.12(422) Tangible personal property purchased for resale but incidentally consumed by the purchaser.** A retailer engaged in the business of selling tangible personal property who takes merchandise from stock for personal use, consumption, or gifts shall report these items on the sales tax return and remit tax on the purchase cost of the items.

This rule does not authorize purchase for resale of items intended to be used by the retailer.

This rule is intended to implement Iowa Code sections 422.42(3), 422.43, and 422.51.